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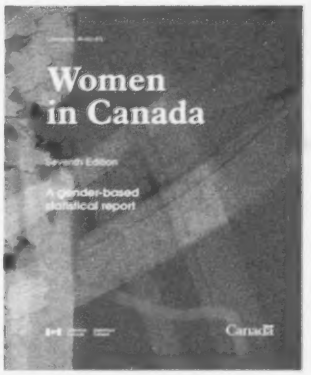
Women in Canada: A Gender-based Statistical Report

The Economic Well-Being of Women in Canada



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The Economic Well-Being of Women in Canada

Introduction

Well-being is a multi-faceted state characterized by health, happiness, and prosperity.[1] It can be measured at both the macro level (i.e., countries) and the micro level (i.e., individuals, households, and families within households). This chapter of *Women in Canada* focuses on a particular aspect of well-being at the micro level: economic well-being. Economic well-being has both a present component and a future component.[2] In the present, economic well-being is characterized by the ability of individuals and small groups, such as families or households, to consistently meet their basic needs, including food, clothing, housing, utilities, health care, transportation, education, and paid taxes.[3] It is also characterized by the ability to make economic choices and feel a sense of security, satisfaction, and personal fulfillment with respect to finances and employment pursuits.[4] From the perspective of the future, economic well-being is characterized by the ability to absorb financial shocks, meet financial goals, build financial assets, ar[illegible]intain adequate income across the life course.[5]

In this chapter, the economic well-being of Canadians is examined from a gender perspective. Historically, women's financial security has been closely tied to their familial relationships with men, initially through birth or adoption (i.e., fathers) and subsequently through marriage or living common-law (i.e., spouses or partners). At the same time, women have generally had less access to and control over family or household resources, relative to men—both reflecting and reinforcing their unequal opportunities for full social and economic participation in the public sphere.[6,7,8]

As the labour force participation of women, particularly wives and mothers of young children, has increased since the 1960s, so has their role in their own economic well-being and that of their families. Even so, women's labour force participation and employment earnings continue to be lower than men's, and women have retained a disproportionate share of housework, childcare and eldercare, contributing to their heightened vulnerability to financial insecurity, particularly in the event of conjugal-union dissolution (i.e., separation, divorce, or widowhood) and during old age.[9,10,11]

Using Statistics Canada data from a variety of sources, including the Survey of Labour and Income Dynamics, the Canadian Income Survey, the Survey of Financial Security, and the 2016 Census of Population, this chapter of *Women in Canada* examines women's economic well-being in comparison with men's and, where relevant, explores how it has evolved over the past 40 years. In addition to gender, age and family type (i.e., couple families with or without children; lone mothers and fathers; and single women and men without children) are important determinants of economic well-being. Hence, many of the analyses distinguish between women and men in different age groups and/or types of families. Although Aboriginal identity, immigrant status, visible minority status, and disability status also affect economic well-being, these identity factors are characteristics of *individuals*. Most data on economic well-being pertain to *families or households*, which cannot be assumed to be homogamous with respect to identity factors.

This chapter consists of four major sections. First, gender differences in personal total income (before taxes) and its sources are documented over the life course. Second, women's contribution to family total income (before taxes) through their employment earnings is presented, along with income differentials between family types.

1. U.S. Council on Social Work Education. 2016. "Working definition of economic well-being." Available at: https://www.cswe.org/Centers-Initiatives/Initiatives/Clearinghouse-for-Economic-Well-Being/Working-Definition-of-Economic-Well-Being.
2. Ibid.
3. Ibid.
4. Ibid.
5. Ibid.
6. Hui, Taylor Shek-wai, Carole Vincent, and Frances Woolley. 2011. "Women's economic empowerment and retirement savings decisions." Ottawa: Social Research and Demonstration Corporation. Available at: http://www.srdc.org/uploads/women_empowerment_en.pdf
7. Mader, Katharina and Alyssa Schneebaum. 2013. "The gendered nature of intra-household decision making in and across Europe." Vienna University of Economics and Business working paper. Available at: http://epub.wu.ac.at/3995/1/wp157.pdf.
8. Antman, Francisca M. 2014. "Spousal employment and intra-household bargaining power." *Applied Economic Letters* 21(8): 560-563.
9. Townson, Monica. 2000. *A Report Card on Women and Poverty*. Ottawa: Canadian Centre for Policy Alternatives. Available at: https://www.policyalternatives.ca/sites/default/files/uploads/publications/National_Office_Pubs/women_poverty.pdf.
10. Townson, Monica. 2009. *Women's Poverty and the Recession*. Ottawa: Canadian Centre for Policy Alternatives. Available at: https://www.policyalternatives.ca/sites/default/files/uploads/publications/National_Office_Pubs/2009/Womens_Poverty_in_the_Recession.pdf.
11. Canadian Women's Foundation. 2017. *Fact Sheet: Women and Poverty in Canada*. Toronto: Canadian Women's Foundation. Available at: https://www.canadianwomen.org/the-facts/womens-poverty/.

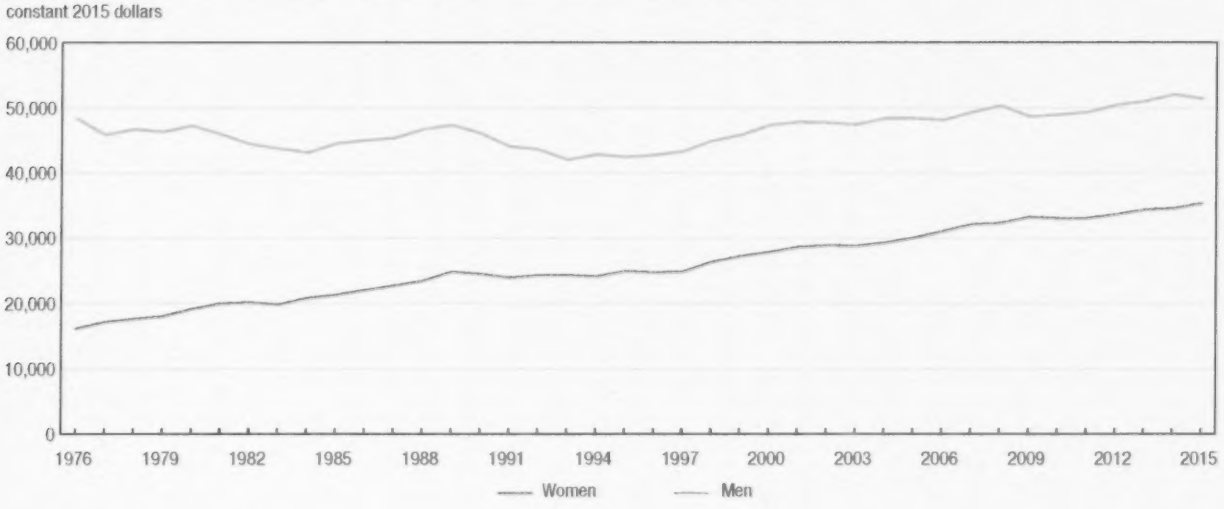
Third, the prevalence of low income among women and men is examined, and the role of government transfers in reducing it is estimated. Fourth, gender differences in wealth are explored in terms of home ownership, housing conditions, and retirement readiness.

Personal income

Women's average personal income increased in the last 40 years

Women in Canada had lower average personal income[12] than men in 2015—a pattern that has persisted since 1976, the earliest year for which comparable data are available (Chart 1). However, the gender disparity in personal income has narrowed over time, coinciding with growth in women's personal income specifically. Between 1976 and 2015, women's average personal income increased by $19,200, from $16,100 to $35,300 (in constant 2015 dollars). Men's personal income trended downward between 1976 to 1995, from an average of $48,400 to $42,400. It recovered thereafter, reaching an average of $51,400 in 2015. Overall, the gender disparity in average personal income was reduced by half from 1976 ($32,300) to 2015 ($16,100). Most of that decrease occurred before 1995, as the gender disparity in average personal income has been largely consistent over the past two decades.

Chart 1
Average annual income of women and men aged 16 and over, Canada, 1976 to 2015



Note: Estimates exclude territories and First Nations reserves.
Estimates are based on data from the following surveys: the Survey of Consumer Finances (SCF) from 1976 to 1992, a combination of the SCF and the Survey of Labour and Income Dynamics (SLID) from 1993 to 1997, the SLID from 1998 to 2011 and the Canadian Income Survey (CIS) beginning in 2012. For more information, see Statistics Canada, 2015, "Revisions to 2006 to 2011 income data", *Income Research Paper Series*, Catalogue no. 75F0002MIE - No. 003. Also, two previous revisions of income data are described in Cotton, Cathy, 2000, "Bridging Two Surveys: An Integrated Series of Income Data from SCF and SLID 1989-1997", Statistics Canada, Catalogue no. 75F0002MIE - No. 002, and Lathe, Heather, 2005, "Survey of Labour and Income Dynamics: 2003 Historical Revision", Statistics Canada, Catalogue no. 75F0002MIE - No. 009.
Sources: Statistics Canada, Canadian Income Survey, Survey of Labour and Income Dynamics, Survey of Consumer Finances, 1976-2015 (CANSIM table no. 206-0052).

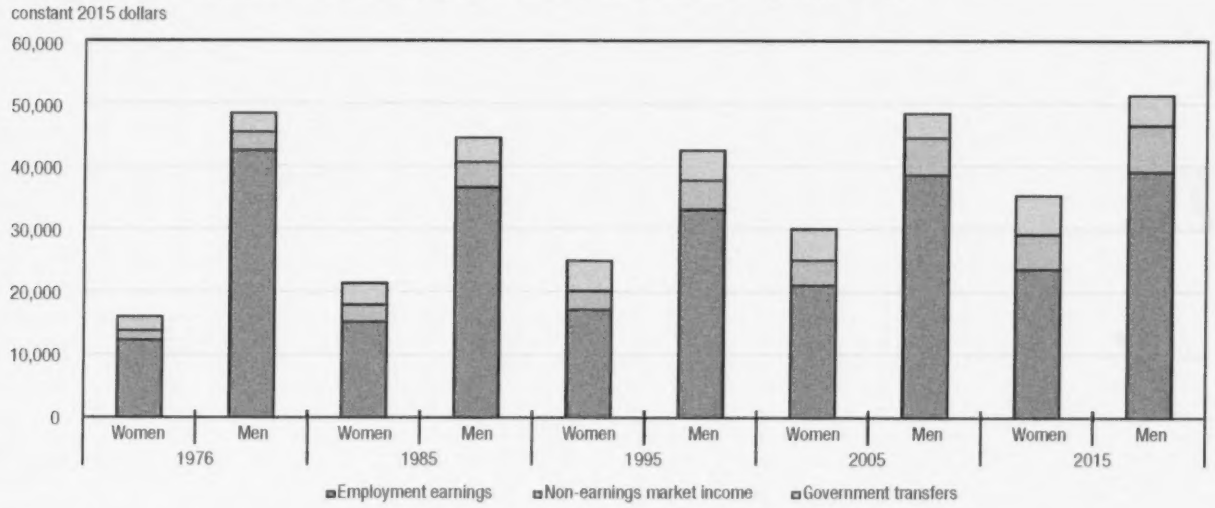
Income can come from a variety of sources, including employment earnings (i.e., wages, salaries, commissions, and self-employment income), market income other than earnings (e.g., investment income and private pensions), and government transfers (e.g., the Canada Child Tax Benefit, Old Age Security, and the Guaranteed Income Supplement). As shown in Women and Paid Work (http://www.statcan.gc.ca/pub/89-503-x/2015001/article/14694-eng.htm), women's labour force participation and work hours have increased over time, and the gender pay gap has decreased. It follows that women's employment earnings accounted for most of the growth that occurred in their personal income between 1976 and 2015 (58.5% of growth for all women) (Charts 2a and 2b), and 80.7% for

12. Personal income refers to an individual's total income from all sources before taxes.

women in the core-working ages of 25 to 54. At the same time, men's earnings decreased slightly (8.0% for all men, and 5.4% for men aged 25 to 54).

Both women and men received a greater share of their personal income from non-earnings market sources and government transfers[13] in 2015 than did their counterparts in 1976, partly reflecting shifts in the age distribution of Canada's population toward older ages (i.e., "population aging"). While women's share of personal income from non-earnings market sources increased to a lesser extent between 1976 and 2015 than did men's (6.2 versus 8.4 percentage points), women's and men's share of personal income from government sources increased at a similar pace. It should be noted that the quantity and composition of income that individuals receive from government transfers may change over time, due to policy and program initiatives and amendments that affect eligibility and benefit amounts. It follows that growth in the share of personal income that comes from government transfers does not necessarily imply a greater need.

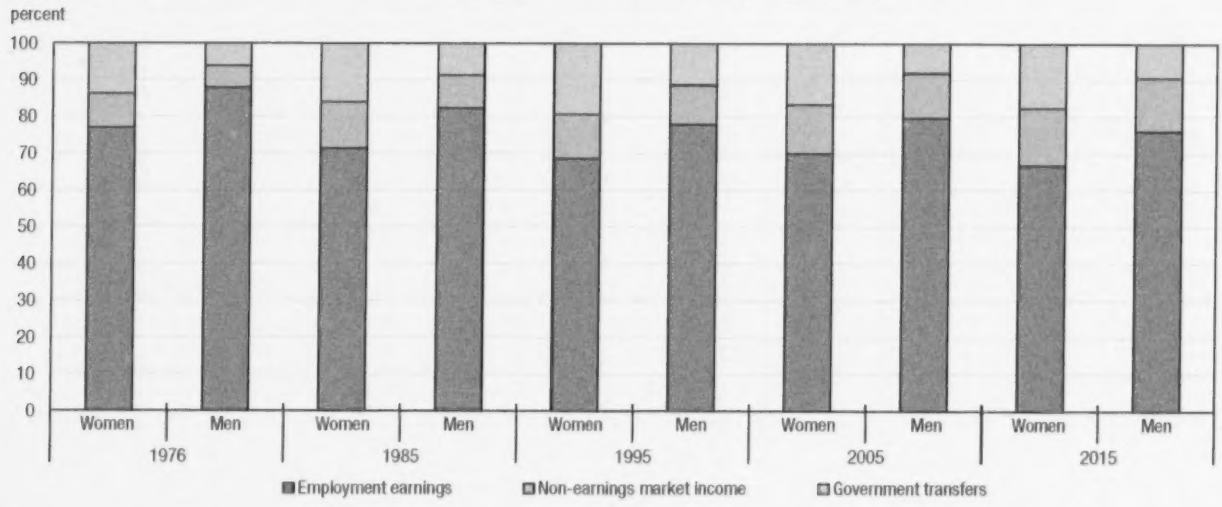
Chart 2a
Average annual income of women and men aged 16 and over by source, Canada, 1976 to 2015



Note: Estimates exclude territories and First Nations reserves.
Estimates are based on data from the following surveys: the Survey of Consumer Finances (SCF) from 1976 to 1992, a combination of the SCF and the Survey of Labour and Income Dynamics (SLID) from 1993 to 1997, the SLID from 1998 to 2011 and the Canadian Income Survey (CIS) beginning in 2012. For more information, see Statistics Canada, 2015, "Revisions to 2006 to 2011 income data", *Income Research Paper Series*, Catalogue no. 75F0002MIE - No. 003. Also, two previous revisions of income data are described in Cotton, Cathy, 2000, "Bridging Two Surveys: An Integrated Series of Income Data from SCF and SLID 1989-1997", Statistics Canada, Catalogue no. 75F0002MIE - No. 002, and Lathe, Heather, 2005, "Survey of Labour and Income Dynamics: 2003 Historical Revision", Statistics Canada, Catalogue no. 75F0002MIE - No. 009.
Sources: Statistics Canada, Canadian Income Survey, Survey of Labour and Income Dynamics, Survey of Consumer Finances, 1976-2015, custom tabulation.

13. Government transfers include direct payments from governments, such as Old Age Security, the Guaranteed Income Supplement, Canada/Quebec Pension Plan benefits, social assistance, Employment Insurance, Workers' Compensation, the Child Tax Benefit, as well as refundable tax credits, such as the goods and services tax, harmonized sales tax and provincial/territorial tax credits.

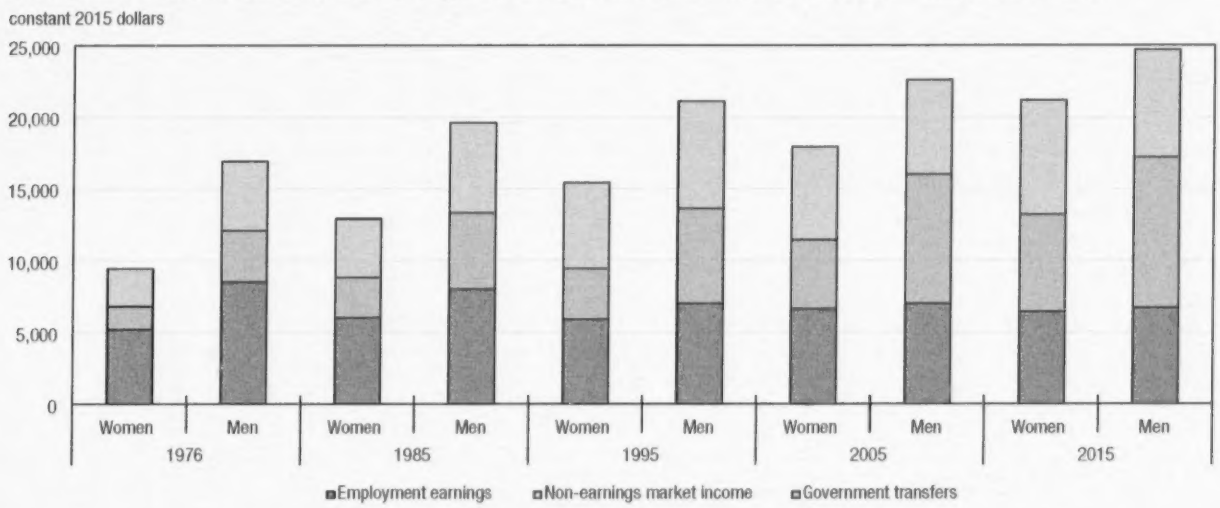
Chart 2b
Proportion of annual income of women and men aged 16 and over by source, Canada, 1976 to 2015



Note: Estimates exclude territories and First Nations reserves.
Estimates are based on data from the following surveys: the Survey of Consumer Finances (SCF) from 1976 to 1992, a combination of the SCF and the Survey of Labour and Income Dynamics (SLID) from 1993 to 1997, the SLID from 1998 to 2011 and the Canadian Income Survey (CIS) beginning in 2012. For more information, see Statistics Canada, 2015, "Revisions to 2006 to 2011 income data", *Income Research Paper Series*, Catalogue no. 75F0002MIE - No. 003. Also, two previous revisions of income data are described in Cotton, Cathy, 2000, "Bridging Two Surveys: An Integrated Series of Income Data from SCF and SLID 1989-1997", Statistics Canada, Catalogue no. 75F0002MIE - No. 002, and Lathe, Heather, 2005, "Survey of Labour and Income Dynamics: 2003 Historical Revision", Statistics Canada, Catalogue no. 75F0002MIE - No. 009.
Sources: Statistics Canada, Canadian Income Survey, Survey of Labour and Income Dynamics, Survey of Consumer Finances, 1976-2015, custom tabulation

In general, women receive a smaller share of their personal income from employment earnings than do men (66.9% versus 76.2% in 2015), and a similar share from non-earnings market sources (15.6% and 14.4%, respectively). At the same time, women receive a greater share of their personal income from government transfers than do men. On the whole, government transfers account for a small proportion of both women's and men's personal income: 17.6% and 9.4%, respectively, in 2015 (Chart 2a). However, for those making less than $30,000, government transfers are more important (Chart 2c). Government transfers constituted 37.7% of the personal income of women who made less than $30,000 in 2015, and 30.4% of the personal income of their male counterparts.

Chart 2c
Average annual income of women and men aged 16 and over who made less than $30,000, Canada, 1976 to 2015



Note: Estimates exclude territories and First Nations reserves.
Estimates are based on data from the following surveys: the Survey of Consumer Finances (SCF) from 1976 to 1992, a combination of the SCF and the Survey of Labour and Income Dynamics (SLID) from 1993 to 1997, the SLID from 1998 to 2011 and the Canadian Income Survey (CIS) beginning in 2012. For more information, see Statistics Canada, 2015, "Revisions to 2006 to 2011 income data", *Income Research Paper Series*, Catalogue no. 75F0002MIE - No. 003. Also, two previous revisions of income data are described in Cotton, Cathy, 2000, "Bridging Two Surveys: An Integrated Series of Income Data from SCF and SLID 1989-1997", Statistics Canada, Catalogue no. 75F0002MIE - No. 002, and Lathe, Heather, 2005, "Survey of Labour and Income Dynamics: 2003 Historical Revision", Statistics Canada, Catalogue no. 75F0002MIE - No. 009. Non-earning market income excludes employment income but includes retirement pensions, investment income and other income.
Sources: Statistics Canada, Canadian Income Survey, Survey of Labour and Income Dynamics, Survey of Consumer Finances, 1976-2015, custom tabulation.

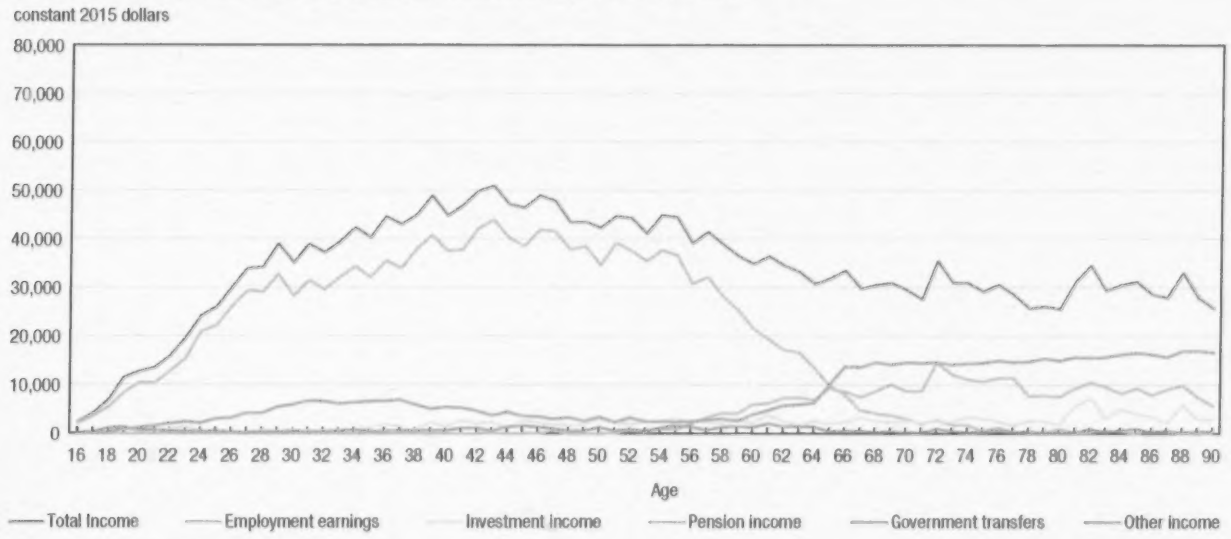
The level and composition of personal income varies over the life course, and it does so similarly for women and men

The relative contribution of a given source of income to personal income varies with age and life-course stage, and it does so in a way that is largely consistent for women and men (Charts 3a and 3b). In 2014 and 2015,[14] the personal income of women and men was highest in their mid-20s through to their mid-50s, peaking in their 40s. During these core-working ages, most personal income came from earnings. As women's and men's earnings drop from their mid-50s to their late 60s, coinciding with retirement from paid work, pension and investment income and government transfers (i.e., Old Age Security, the Guaranteed Income Supplement, and the Canada Pension Plan/Quebec Pension Plan) constituted a growing portion of declining personal income. In fact, government transfers accounted for the greatest share of women's personal income, and an equivalent share of men's personal income to employer-sponsored pensions, among those aged 65 or older. Gender differences in post-retirement sources of income will be further discussed in the section of this chapter on wealth.

While similar patterns were observed in the level and composition of personal income over the life course for women and men, there were subtle differences between the sexes. Employment Insurance was a more prominent source of income for women in their mid-20s through their early 40s than it was for their male counterparts (Charts 3c and 3d). This largely reflects the fact that women are more likely than men to take leave related to the birth or adoption of a child, and they are therefore more likely to be recipients of parental-leave benefits through the Employment Insurance program.[15] The same pattern was observed for child benefits (i.e., payments made to eligible families to assist them with the cost of raising children under the age of 18), as they are paid to the mother by default.

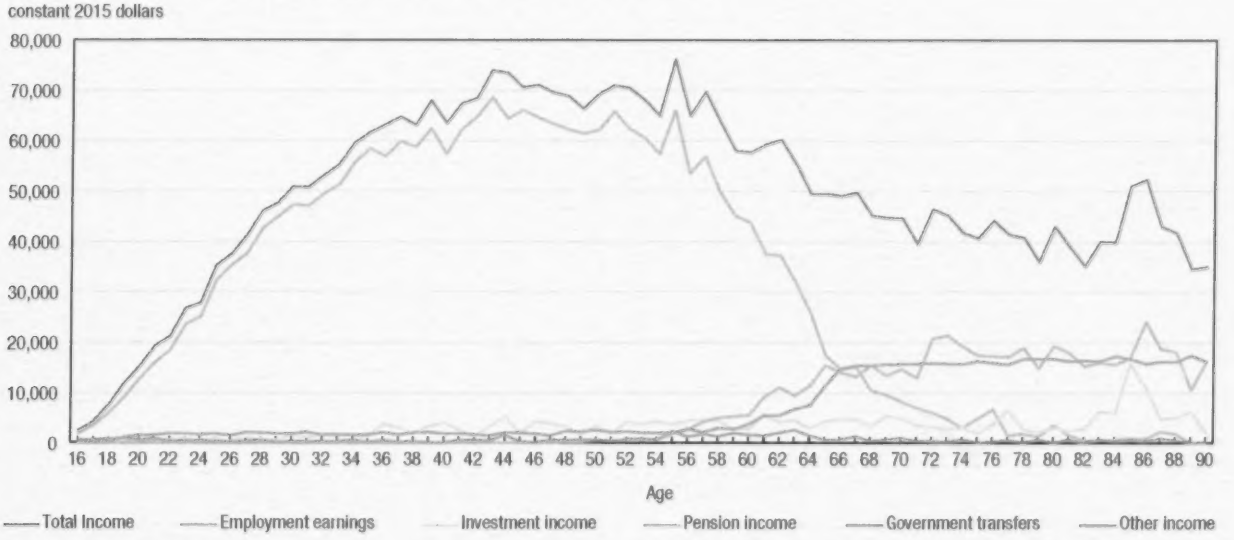
14. Data from the 2014 and 2015 Canadian Income Survey are combined to ensure that there is a sufficient number of observations for each income source at each age to protect respondent confidentiality.
15. Moyser, Melissa. 2017. "Women and paid work." *Women in Canada: A Gender-based Statistical Report*. Ottawa: Statistics Canada. Catalogue no. 89-503-X. Available at: http://www.statcan.gc.ca/pub/89-503-x/2015001/article/14694-eng.htm.

Chart 3a
Women's average annual income by age and source, Canada, 2014 and 2015



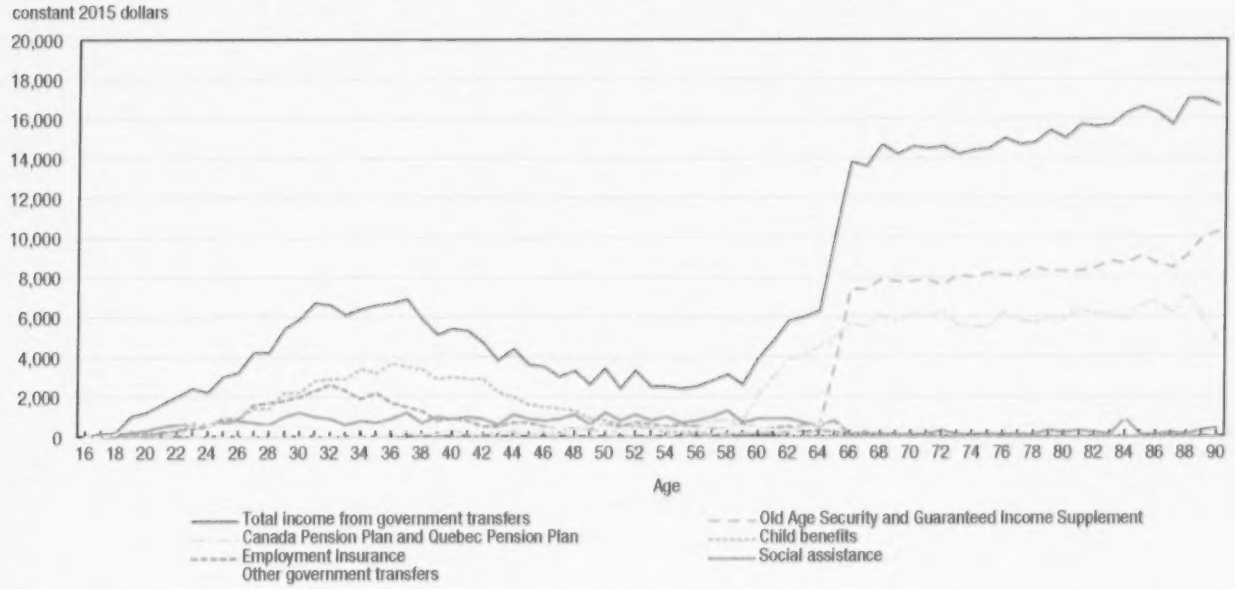
Note: Estimates exclude territories and First Nations reserves.
Source: Statistics Canada, Canadian Income Survey, 2014 and 2015 pooled data, custom tabulation.

Chart 3b
Men's average annual income by age and source, Canada, 2014 and 2015



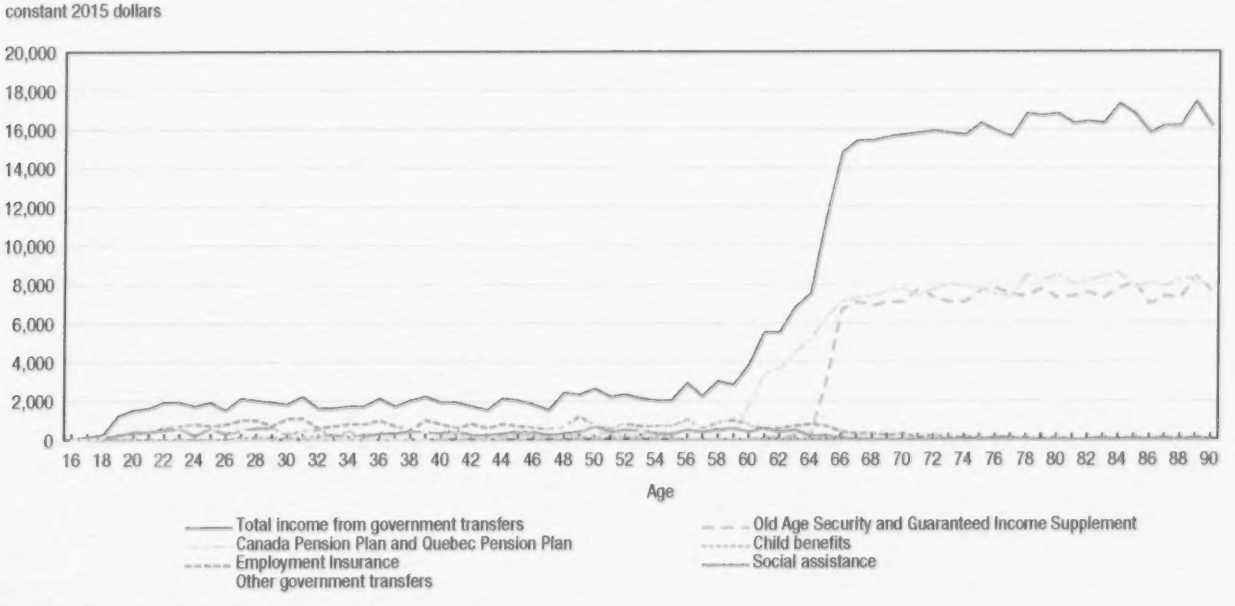
Note: Estimates exclude territories and First Nations reserves.
Source: Statistics Canada, Canadian Income Survey, 2014 and 2015 pooled data, custom tabulation.

Chart 3c
Women's average annual income from government transfers by age and source, Canada, 2014 and 2015



Note: Estimates exclude territories and First Nations reserves.
Source: Statistics Canada, Canadian Income Survey, 2014 and 2015 pooled data, custom tabulation.

Chart 3d
Men's average annual income from government transfers by age and source, Canada, 2014 and 2015



Note: Estimates exclude territories and First Nations reserves.
Source: Statistics Canada, Canadian Income Survey, 2014 and 2015 pooled data, custom tabulation.

Family income

Women's earnings make up a larger share of family income than ever before

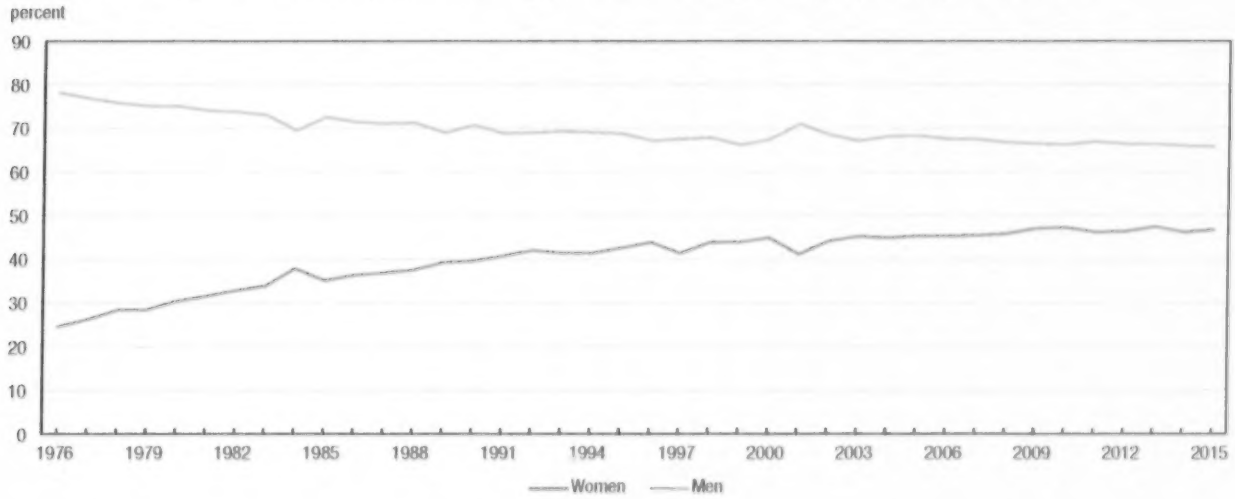
Economic well-being is often assessed at the family[16] level, as resources are typically pooled within these groups.[17] Further, living as part of a family yields economies of scale with respect to the costs of maintaining the group (e.g., food, shelter, and transportation), and provides some protection against unexpected events through risk sharing.[18] Family income is the sum of the incomes of all members of the co-resident unit. For most families, the largest share of their income comes from employment. In general, women's earnings account for a smaller portion of family employment income than do men's earnings, but that portion has grown over time. In families in which there was an employed woman in the core-working ages of 25 to 54, women's earnings accounted for 46.7% of their family's income from employment in 2015—an increase of 22.2 percentage points from 1976 (24.5%) (Chart 4). Men's earnings accounted for a diminishing share of their family's income from employment: 65.7% in 2015—a decrease of 12.4 percentage points from 1976 (78.1%).[19] Overall, the proportion of family income from employment decreased between 1976 and 2015, from 86.2% to 73.9%.[20]

The proportion of women in the core-working ages who had no earnings is another way of quantifying women's growing financial contribution to family income over time. Women are more likely than men to have no earnings, although that pattern has diminished over time: 12.3% of women had no earnings in 2015, compared with 40.8% of women in 1976. Over the same period, the proportion of men with no earnings increased slightly (3.6 percentage points), from 1.7% to 5.3%.

Not only has the proportion of women with earnings grown, so has the proportion of women who earned more than half of their family's income: 40.9% of women did so in 2015—an increase of 23.5 percentage points from 1976 (17.4%). At the same time, the proportion of men who earned more than half of their family's income decreased by 22.1 percentage points, from 86.3% to 64.2%.[21] For these reasons, the disparity between the proportion of women and men who earned more than half of their family's income has narrowed over time, although men continue to be more likely to do so than women.

16. The terms "family" and "household" are often used interchangeably, but they are distinct concepts. Households consist of one or more persons occupying the same (private or non-institutional) dwelling. In 2016, nearly 70.0% of households in Canada consisted of economic families (hereafter referred to as "families"), defined as groups of two or more persons who live in the same dwelling and who are related to each other by blood, marriage, common-law union, adoption or a foster relationship. However, it is also possible for households to consist of unrelated people living together (e.g., roommates) or unrelated people living with one or more families (e.g., tenants). Therefore, the concept of family is more restrictive than the concept of household. In this chapter, care is taken to use terminology that corresponds to the unit of measurement for a given statistic.
17. Organization for Economic Cooperation and Development (OECD). 2013. "OECD Framework for Statistics on the Distribution of Household Income, Consumption and Wealth." Paris, FR: OECD Publishing. Available at: http://www.oecd.org/statistics/302013041e.pdf.
18. Ibid.
19. The proportion of family employment income that comes from women's earnings versus men's does not total 100 because these statistics are based on female and male survey respondents' reports of their own financial contributions.
20. Statistics Canada, Survey of Consumer Finances, Survey of Labour and Income Dynamics, and Canadian Income Survey, CANSIM table no. 206-0021.
21. The proportion of women and men who earned more than half of their family's income does not total 100 because these statistics are based on female and male survey respondents' reports of their own financial contributions.

Chart 4
Proportion of family income from employment earnings, women and men aged 25 to 54, Canada, 1976 to 2015



Note: Estimates exclude territories and First Nations reserves.
The data for women and men do not necessary come from those within the same family. For this reason, the proportions of total family income from women's and men's employment does not sum to 100.
Estimates are based on data from the following surveys: the Survey of Consumer Finances (SCF) from 1976 to 1992, a combination of the SCF and the Survey of Labour and Income Dynamics (SLID) from 1993 to 1997, the SLID from 1998 to 2011 and the Canadian Income Survey (CIS) beginning in 2012. For more information, see Statistics Canada, 2015, "Revisions to 2006 to 2011 income data", *Income Research Paper Series*, Catalogue no. 75F0002MIE - No. 003. Also, two previous revisions of income data are described in Cotton, Cathy, 2000, "Bridging Two Surveys: An Integrated Series of Income Data from SCF and SLID 1989-1997", Statistics Canada, Catalogue no. 75F0002MIE - No. 002, and Lathe, Heather, 2005, "Survey of Labour and Income Dynamics: 2003 Historical Revision", Statistics Canada, Catalogue no. 75F0002MIE - No. 009.
Sources: Statistics Canada, Canadian Income Survey, Survey of Labour and Income Dynamics, Survey of Consumer Finances, 1976 to 2015, custom tabulation.

Family income is highest for women in couples, lowest for lone mothers

Family type is an important determinant of women's economic well-being. Previous research demonstrates that women are economically vulnerable outside of marriage and common-law unions, particularly when these relationships have ended. Women typically experience marked declines in family income after union dissolution, compared with men.[22,23] According to the 2016 Census of Population, 56.1% of women aged 15 and over were part of a couple.[24] Of those women who were not part of a couple, 19.6% were lone parents.[25]

In 2015, couple families with children had the highest average income ($126,200), followed by couple families with no children ($119,100) (Chart 5). The income of lone parents was greater on average than that of single individuals with no children (or "unattached" individuals). However, in both cases, women made significantly less than did their male counterparts. Specifically, the average income of lone mothers was $53,800—$27,900 less than that of lone fathers ($81,700). Similarly, the average income of unattached women was $8,700 less than that of unattached men ($36,600 versus $45,300).

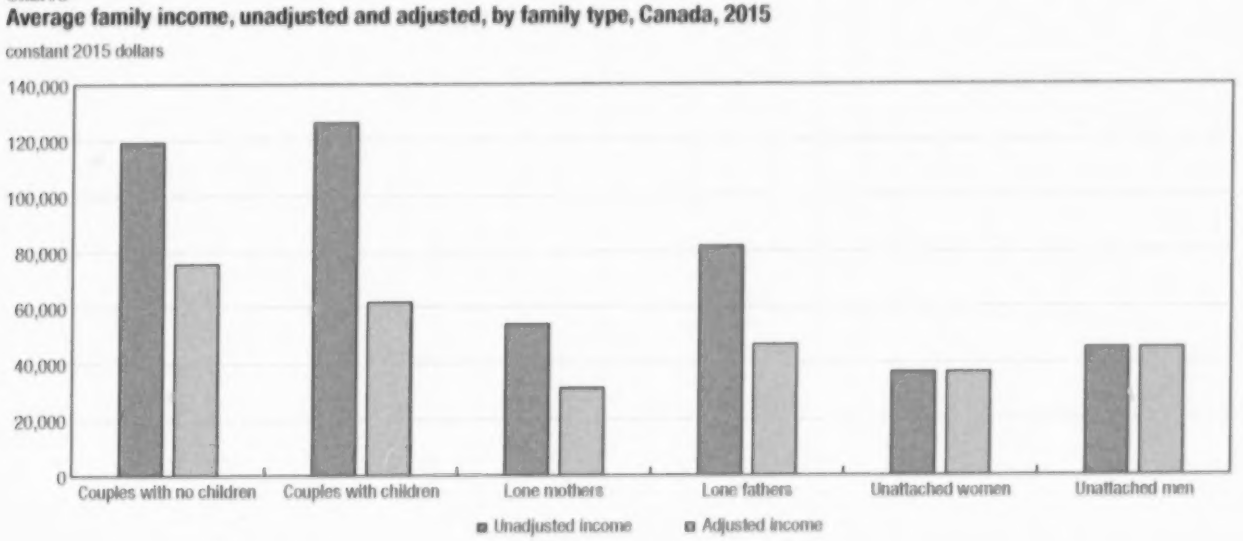
Given that the needs of families grow with each additional member (albeit not in a proportional way, due to economies of scale in consumption), it can be argued that the income of different types of families is not analogous. To render income statistics comparable across families of different sizes, family income is adjusted using an equivalence scale.[26] Doing so does not change the rank order previously observed, whereby couple

22. Smock, Pamela J., Wendy D. Manning and Sanjiv Gupta. 1999. "The effect of marriage and divorce on women's economic well-being." *American Sociological Review* 64(6): 794-812.
23. Avellar, Sarah and Pamela J. Smock. 2005. "The economic consequences of the dissolution of cohabiting unions." *Journal of Marriage and Family* 67(2): 315-327.
24. Statistics Canada, 2016 Census of Population, Families, Households and Marital Status Highlight Table: "Marital status and opposite- and same-sex status by sex for persons aged 15 and over living in private households for both sexes, total, presence and age of children, 2016 counts, Canada, provinces and territories, 2016 Census—100% Data." Available at: http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/hlt-fst/fam/Table.cfm?Lang=E&T=11&Geo=00.
25. Ibid.
26. An equivalence scale is used in this analysis to take into account the income of all family members, the size of the family, and the decrease in living expenses per member with each additional family member. The equivalence scale adjusts for the fact that the needs of a household grow with each additional member, but not in a proportional way, due to economies of scale in consumption. For example, needs for electricity to heat a house will not be three times as high for a household of three people as for a household of one person. Equivalence scales assign a value to each household type that is proportional to its needs, depending on the number of household members.

families had the highest average income among family types. However, when family size is taken into account, couple families with children had lower average income ($53,900) than their counterparts without children ($64,400), as their higher unadjusted income is shared with a greater number of people.

Among women, lone mothers had the lowest average adjusted income ($25,300), followed by those who were unattached ($33,700). The average adjusted incomes of lone fathers and unattached men were similar (around $40,300). Notably, the average adjusted income of lone mothers was $15,000 less than that of lone fathers.

Chart 5
Average family income, unadjusted and adjusted, by family type, Canada, 2015



Note: Estimates exclude territories and First Nations reserves.
Source: Statistics Canada, Canadian Income Survey, 2015, custom tabulation.

Women's paid work mitigates negative shocks to spouse/partner's employment income

The increased labour force participation of women and its persistence over the life course has helped dual-earner families respond to the rising cost of living, downward pressure on the wages of male workers, and unemployment, particularly during an economic downturn. Regarding the latter, previous research demonstrates that the risk of couples being temporarily without employment income after the husband/male partner's job loss has fallen markedly as women's labour supply has grown, thereby enhancing the financial security of couple families. For example, the number of women with an unemployed spouse/partner who were themselves employed increased by a factor of 60.0 between 1976 and 2016, from 5,700 to 342,200.[27] The total number of employed women increased by a factor of 2.4, from 3,618,200 to 8,624,800.[28]

During recessions, women tend to experience fewer job losses than men, partly due to the segmentation of the labour market by gender. Specifically, women are overrepresented in education, health care, and government, and underrepresented in cyclical sectors of the economy: construction and manufacturing.[29,30,31] Focusing on the last three recessions in Canada, the employment rate of women decreased by less than one percentage point between 1981 and 1983, 1.9 percentage points between 1990 and 1992, and 1.0 percentage point between 2008 and 2009.[32] By comparison, the employment rate of men decreased by 5.4 percentage points between 1981 to 1983, 4.9 percentage points between 1990 and 1992, and 2.9 percentage points between 2008 and 2009.[33]

During economic downturns, households often reduce their consumption of purchased goods and services, such as eating out or catering, cleaning services, and child care, by substituting unpaid work that is disproportionately performed by women.[34] Taken together with women's greater resilience in the labour market, this fact suggests that women's total work burden—that is, time spent on paid and unpaid work in combination—may increase during recessions.[35]

Low income

The proportion of women in low income has been consistent for four decades

Statistics Canada uses low-income measures (along with other thresholds, such as low-income cut-offs and market basket measures) to identity Canadians who are vulnerable to poverty. Low-income measures are thresholds that define households as low income if their adjusted income is less than half of the median,[36] where "adjusted" means that the number of persons living in the household has been taken into account.[37] While the preceding sections reported total income (before tax), this section uses low-income measures after tax to identify affected households.

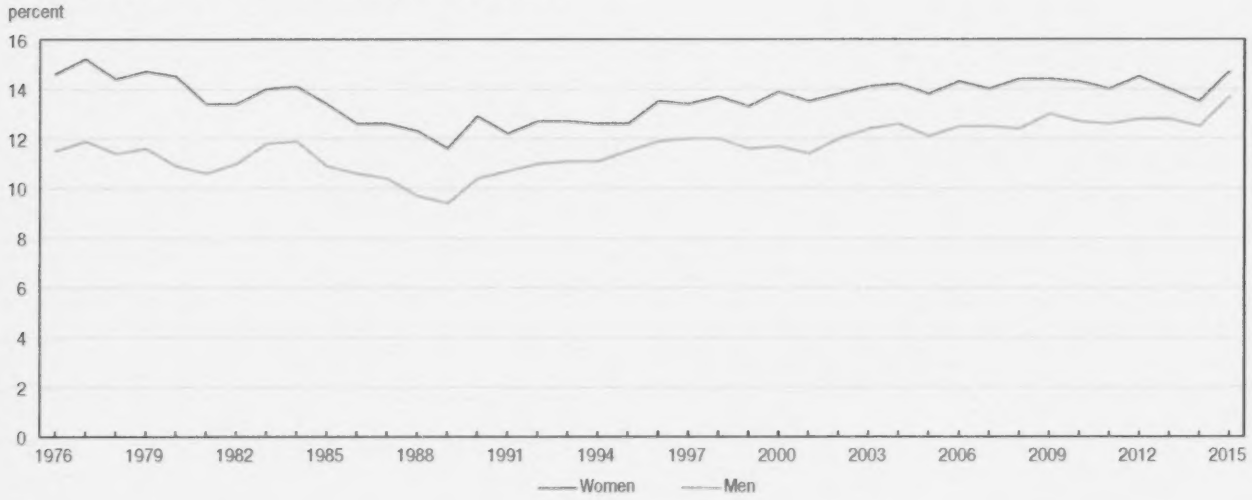
Women are more vulnerable to low income than men, for a number of reasons. For one thing, women are paid less than men with the same qualifications, even when they work the same number of hours.[38] Traditionally-female occupations have lower average hourly wages than traditionally-male occupations, even when they require the

27. Statistics Canada, Labour Force Survey, custom tabulation.
28. Statistics Canada, Labour Force Survey, CANSIM table 282-0002.
29. Construction and manufacturing are two cyclical industries in which men are overrepresented.
30. Peterson, Janice. 2016. "The well-being of working women in times of economic crisis and recovery: Insights from the Great Recession." Pp. 517-539 in *Handbook on Well-Being of Working Women*, edited by Mary L. Connerley and Jiyun Wu.
31. Peterson, Janice. "The great crisis and the significance of gender in the U.S. economy." *Journal of Economic Issues* XLVI (2): 277-289.
32. Calculated from Statistics Canada, Labour Force Survey, CANSIM table 282-0002.
33. Ibid.
34. Bettio, Francesca, Marcella Corsi, Carlo D'Ippoliti, Antigone Lyberaki, Manuela Samek Lodovici and Alina Verashchagina. 2013. *The impact of the economic crisis on the situation of women and men and on gender equality policies. Synthesis Report.* Pp. 107-114. European Commission – Directorate-General for Justice. Available at: http://ec.europa.eu/justice/gender-equality/files/130522_crisis_report_en.pdf.
35. MacPhail, Fiona. 2017. "Paid and unpaid work time by labor force status of prime age women and men in Canada: The Great Recession and gender inequality in work time." Pp. 85-112 in Gender and Time Use in a Global Economy: The Economics of Employment and Unpaid Labor.
36. The median is the midpoint or middle value in a set of numbers organized in ascending/descending order according to quantity.
37. For more information, please refer to Statistics Canada. 2016. "Low income lines: What they are and how they are created." *Income Research Paper Series*. Catalogue No. 75F0002M—No. 002. Available at: http://www.statcan.gc.ca/pub/75f0002m/75f0002m2016002-eng.htm.
38. Moyser, Melissa. 2017. "Women and paid work." *Women in Canada: A Gender-based Statistical Report*. Ottawa: Statistics Canada. Catalogue no. 89-503-X. Available at: http://www.statcan.gc.ca/pub/89-503-x/2015001/article/14694-eng.htm.

same skill level.[39] Women are also overrepresented in low-paying occupations.[40] On the home front, women are more likely than men to care for children and elderly or disabled family members. Combining earning and caring roles is challenging, so women are more likely than men to reduce their work hours or take time out of the workforce to care for family.[41]

In general, women are more likely to live in a low-income household than men. This gendered pattern diminished between 1976 and 1989, as the proportion of women in low income decreased at a faster pace (3.0 percentage points, from 14.6% to 11.6%) than did the proportion of men in low income (2.1 percentage points, from 11.5% to 9.4%) (Chart 6). Since 1990, the proportion of both women and men in low income has grown. The proportion of women in low income increased at a slower pace between 1990 and 2015 (1.8 percentage points, from 12.9% to 14.7%) than the proportion of men in low income (3.3 percentage points, from 10.4% to 13.7%). As a result, the disparity between the proportion of women and men in low income in 2014 and 2015 (1 percentage point) was the smallest observed since the beginning of the data series in 1976.

Chart 6
Proportion of low-income Canadians by sex, 1976 to 2015



Note: Estimates exclude territories and First Nations reserves.
Low income is based on Low Income Measures—After Tax (LIM-AT), and identify households that have adjusted incomes that are less than half of the median of the adjusted income distribution. In this context, "adjusted" means that the number of persons present in the household are taken into account, reflecting the economies of scale inherent in household size.
Estimates are based on data from the following surveys: the Survey of Consumer Finances (SCF) from 1976 to 1992, a combination of the SCF and the Survey of Labour and Income Dynamics (SLID) from 1993 to 1997, the SLID from 1998 to 2011 and the Canadian Income Survey (CIS) beginning in 2012. For more information, see Statistics Canada, 2015, "Revisions to 2006 to 2011 income data", *Income Research Paper Series*, Catalogue no. 75F0002MIE - No. 003. Also, two previous revisions of income data are described in Cotton, Cathy, 2000, "Bridging Two Surveys: An Integrated Series of Income Data from SCF and SLID 1989-1997", Statistics Canada, Catalogue no. 75F0002MIE - No. 002, and Lathe, Heather, 2005, "Survey of Labour and Income Dynamics: 2003 Historical Revision", Statistics Canada, Catalogue no. 75F0002MIE - No. 009.
Sources: Statistics Canada, Canadian Income Survey, Survey of Labour and Income Dynamics, Survey of Consumer Finances, 1976-2015 (CANSIM table no. 206-0041).

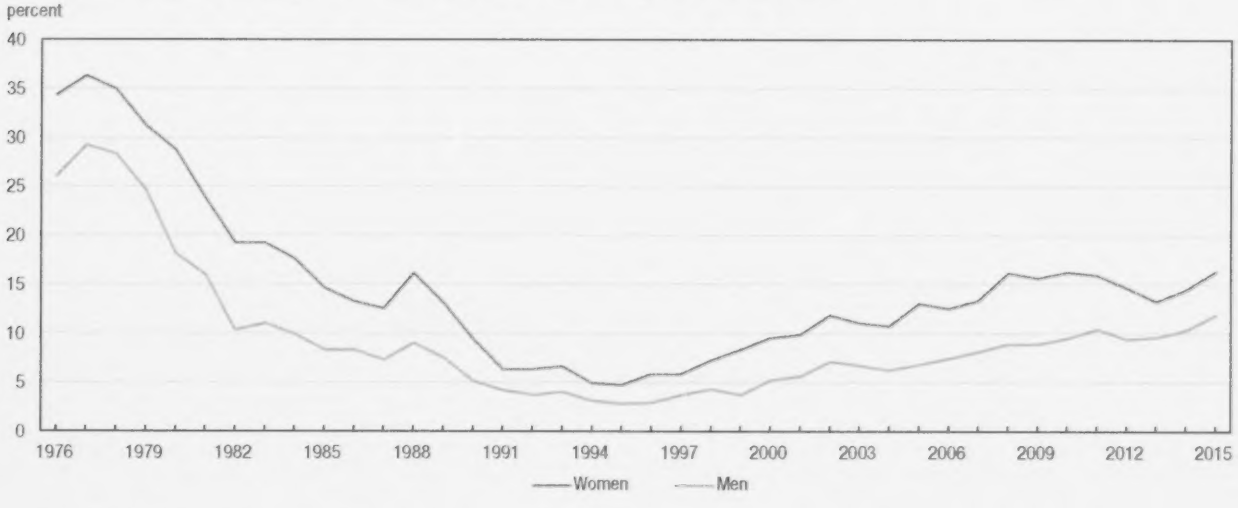
Senior women and lone mothers are particularly vulnerable to low income

As shown in Senior Women (http://www.statcan.gc.ca/pub/89-503-x/2015001/article/14316-eng.htm), women aged 65 and over are more likely to live in low-income households than their male counterparts. This gender gap narrowed between 1976 and 1995, when the proportion of low-income elderly women decreased at a faster pace (29.6 percentage points, from 34.3% to 4.7%) than did the proportion of elderly men (23.2 percentage

39. Ibid.
40. Ibid.
41. Moyser, Melissa. 2017. "Women and paid work." *Women in Canada: A Gender-based Statistical Report*. Ottawa: Statistics Canada. Catalogue no. 89-503-X. Available at: http://www.statcan.gc.ca/pub/89-503-x/2015001/article/14694-eng.htm.

points, from 26.0% to 2.8%) (Chart 7).[42] Since 1995, the gender gap in low income among seniors has increased to some extent, as the proportion of older women living in a low-income household increased at a faster pace (11.6 percentage points) than did the proportion of older men in living in a low-income household (9.1 percentage points).[43] By 2015, 16.3% of elderly women were in low income, compared with 11.9% of their male counterparts (a difference of 4.4 percentage points).

Chart 7
Proportion of women and men aged 65 and over in low income, Canada, 1976 to 2015

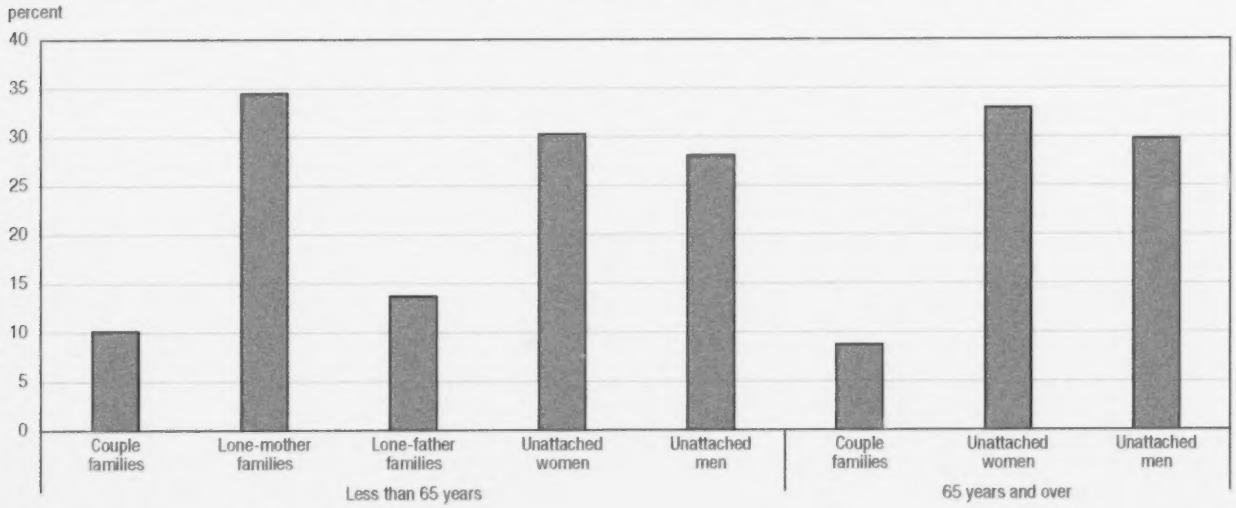


Note: Estimates exclude territories and First Nations reserves.
Low income measures (LIMs), are relative measures of low income, set at 50% of adjusted median household income. These measures are categorized according to the number of persons present in the household, reflecting the economies of scale inherent in household size.
Estimates are based on data from the following surveys: the Survey of Consumer Finances (SCF) from 1976 to 1992, a combination of the SCF and the Survey of Labour and Income Dynamics (SLID) from 1993 to 1997, the SLID from 1998 to 2011 and the Canadian Income Survey (CIS) beginning in 2012. For more information, see Statistics Canada, 2015, "Revisions to 2006 to 2011 income data", *Income Research Paper Series*, Catalogue no. 75F0002MIE - No. 003. Also, two previous revisions of income data are described in Cotton, Cathy, 2000, "Bridging Two Surveys: An Integrated Series of Income Data from SCF and SLID 1989-1997", Statistics Canada, Catalogue no. 75F0002MIE - No. 002, and Lathe, Heather, 2005, "Survey of Labour and Income Dynamics: 2003 Historical Revision", Statistics Canada, Catalogue no. 75F0002MIE - No. 009.
Sources: Statistics Canada, Canadian Income Survey, Survey of Labour and Income Dynamics, Survey of Consumer Finances, 1976-2015, custom tabulation.

In addition to age, the type of family in which women and men live affects the likelihood that they live in a low-income household. Focusing on those aged 18 to 64, both women and men who were not part of a couple were more vulnerable to low income than their counterparts in couples, particularly when they had children (Chart 8). In 2015, 10.2% of individuals in couple families were living in low-income situations. By comparison, 34.5% of lone mothers and 30.3% of unattached women lived in low-income situations, as did 13.7% of lone fathers and 28.1% of unattached men. Notably, low income was more than twice as prevalent among lone mothers as it was among lone fathers (34.5% versus 13.7%, respectively).

42. The decline in the proportion of low-income seniors (both women and men) between 1976 and 1995 reflects greater growth in their median income as compared with younger people. See Statistics Canada. Canadian megatrends: Seniors' income from 1976 to 2014: Four decades, two stories. Ottawa: Statistics Canada. Available at: http://www.statcan.gc.ca/pub/11-630-x/11-630-x2016008-eng.htm#def7.
43. The increase in the proportion of low-income seniors from 1996 onward reflects slower growth in their median income as compared with younger people. See Statistics Canada. Canadian megatrends: Seniors' income from 1976 to 2014: Four decades, two stories. Ottawa: Statistics Canada. Available at: http://www.statcan.gc.ca/pub/11-630-x/11-630-x2016008-eng.htm#def7.

Chart 8
Proportion of women and men in low income by age group and family type, Canada, 2015



Note: Estimates exclude territories and First Nations reserves.
Estimates are based on data from the following surveys: the Survey of Consumer Finances (SCF) from 1976 to 1992, a combination of the SCF and the Survey of Labour and Income Dynamics (SLID) from 1993 to 1997, the SLID from 1998 to 2011 and the Canadian Income Survey (CIS) beginning in 2012. For more information, see Statistics Canada, 2015, "Revisions to 2006 to 2011 income data", *Income Research Paper Series*, Catalogue no. 75F0002MIE - No. 003. Also, two previous revisions of income data are described in Cotton, Cathy, 2000, "Bridging Two Surveys: An Integrated Series of Income Data from SCF and SLID 1989-1997", Statistics Canada, Catalogue no. 75F0002MIE - No. 002, and Lathe, Heather, 2005, "Survey of Labour and Income Dynamics: 2003 Historical Revision", Statistics Canada, Catalogue no. 75F0002MIE - No. 009.
Child or children (by birth, adopted, step, or foster) of the major income earner are under age 18. Other relatives may also be in the family.
Low income measures (LIMs), are relative measures of low income, set at 50% of adjusted median household income. These measures are categorized according to the number of persons present in the household, reflecting the economies of scale inherent in household size.
Source: Statistics Canada, Canadian Income Survey, 2015, custom tabulation.

The proportion of lone mothers in low income in 2015 (34.5%) represents a decrease of 17.7 percentage points from the equivalent figure in 1976 (52.2%). Over the same period, the proportion of lone fathers in low income also decreased, albeit to a lesser extent: 8.5 percentage points (from 22.2% to 13.7%). Shifts in the demographic and socioeconomic characteristics of lone parents, particularly lone mothers, contributed to the decreasing prevalence of low income among them. Canadians are having fewer children and doing so later than did their predecessors, they are better educated, and the labour force participation of women, especially wives and mothers, has increased.[44] Child benefits and job-training initiatives have also contributed to the declining proportion of lone mothers in low income.

Like women and men aged 18 to 64, their counterparts aged 65 and over were also more vulnerable to being in a low-income situation when they were not part of a couple (Chart 8). In 2015, 33.0% of unattached elderly women were in low income, as were 29.8% of their male counterparts. In contrast, 8.7% of seniors in couples were in low income.

Government transfers reduce the proportion of women and men in low income

Government transfers play an important role in reducing the proportion of Canadians living in low-income situations.[45] Their contribution in this regard can be estimated by first calculating the proportion of individuals who would be classified as low income based on the market income of their household (i.e., household income from employment, investments, and pensions). From that value, subtract the proportion of individuals who would be classified as low income based on the after-tax income of their household (i.e., market income plus government

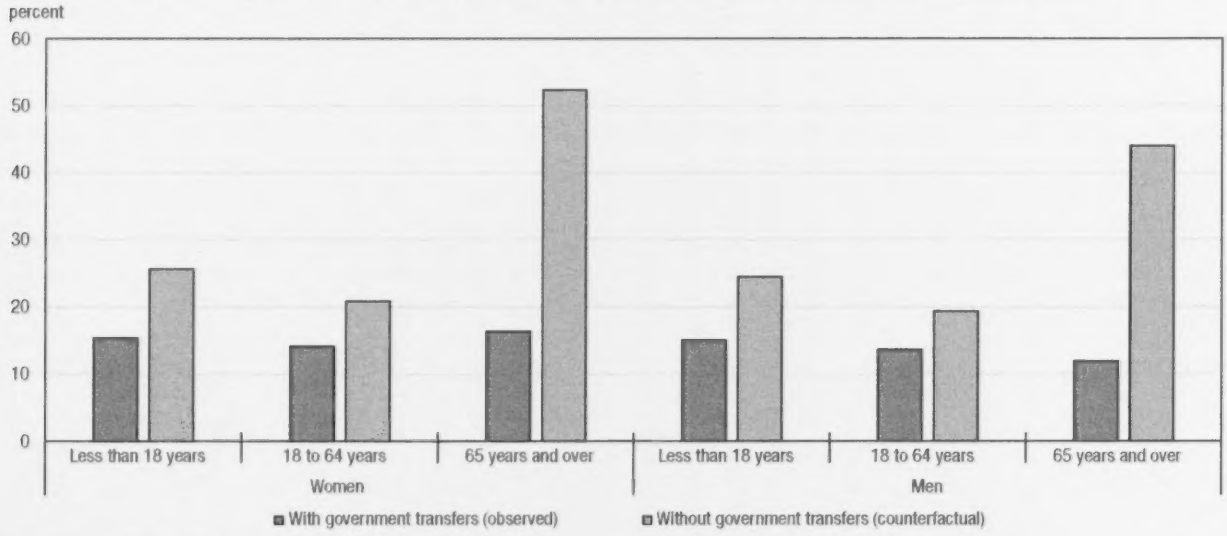
44. Myles, John, Feng Hou, Garnett Picot, and Karen Myers. 2007. "Why did employment and earnings rise among lone mothers in Canada during the 1980s and 1990s?" *Canadian Public Policy* XXXIII (2): Pp. 147-172.
45. The proportion of Canadians lifted out of low income through government transfers has varied over time, depending on the availability and generosity of programs, particularly social assistance, Employment Insurance and child benefits. (See Heisz, Andrew and Brian Murphy. 2015. "The role of taxes and transfers in reducing income inequality." Montreal: Institute for Research on Public Policy (IRPP). Available at: http://irpp.org/wp-content/uploads/2016/01/aots5-heisz-murphy.pdf.

transfers minus income taxes). The resulting value represents the proportion of individuals who would be in low-income households were it not for government transfers.

In the absence of income received through government transfers, 27.1% of girls and women would have lived in low-income households in 2015, instead of the 14.7% of girls and women who actually did so (Chart 9). Put differently, the proportion of girls and women in low income would have been 12.4 percentage points higher were it not for the government tax and transfer system. This system had a comparable effect on boys and men, reducing the proportion of them living in low-income families by 10.3 percentage points, from 24.0% to 13.7%.

The contribution of government transfers to reducing income inequality is most apparent among those aged 65 and over, particularly senior women: 52.3% of these women would have been in low income in 2015, rather than the 16.3% of them who actually did, were it not for government transfers (a difference of 36.0 percentage points). Similarly, the proportion of low-income senior men would have been 32.1 percentage points higher were it not for government transfers (44.0% versus 11.9%).

Chart 9
Proportion of low-income women and men by age group, with and without government transfers, Canada, 2015



Note: Estimates exclude territories and First Nations reserves.
Source: Statistics Canada, Canadian Income Survey, 2015, custom tabulation.

Wealth

Lone mothers and senior women are the least likely groups to live in a home owned by a household member

Income and wealth are related—but distinct—concepts. Income refers to the "flow" of money generated over a given period of time, while wealth refers to the value of assets, such as an owned home, retirement savings, stocks and bonds, motor vehicles, and rental properties, less the value of liabilities (or debt).[46] Income can either be used for present consumption or transformed into wealth through saving or investing. Assets accumulated in the past can subsequently be sold, and in that way transformed into present consumption. For this reason, wealth can provide economic security in circumstances of financial adversity, such as job loss, disability, or death.

46. Pew Research Center. 2015. "The American middle class is losing ground: No longer the majority and falling behind financially." Washington, D.C.: Pew Research Center. Available at: http://assets.pewresearch.org/wp-content/uploads/sites/3/2015/12/2015-12-09_middle-class_FINAL-report.pdf.

For most Canadians, their most valuable asset is their home; over time, wealth or "equity" accumulates as the mortgage on the property is gradually paid off and the market value of the property appreciates. Beyond home ownership, housing conditions—affordability, adequacy, and suitability—reflect economic well-being. Housing is considered to be affordable when a household spends less than 30% of its pre-tax income on it; adequate when it does not need major repairs; and suitable when it has a sufficient number of bedrooms for the size and composition of the household (i.e., not crowded).

The likelihood of home ownership depends on age, sex, and family type. The vast majority of people in couples lived in a home owned (as opposed to rented) by oneself or a household member: 79.8% of those aged 18 to 64 and 88.9% of those aged 65 and over did so in 2015 (Table 1). Sizeable gender differences in the likelihood of home ownership can be observed among lone parents: 38.2% of lone mothers lived in a house owned by oneself or a household member, compared with 62.0% of lone fathers (a difference of 23.8 percentage points). Although unattached senior women were more likely than lone mothers to live in a home owned by a household member, they were equally likely to do so as senior men (57.3% and 58.3% respectively). Unattached women and men aged 18 to 64 who had no children were also similarly likely to live in an owned home: 40.2% and 38.4%, respectively.[47]

Not only were people in couples more likely to live in a home owned by a household member, they were also the most likely group to have affordable, adequate, and suitable housing. Focusing on people in couples aged 18 to 64, 83.3% of them had affordable housing, 94.0% lived in adequate housing, and 93.7% of them lived in suitable housing. Lone mothers and lone fathers tended to be the least likely groups to have affordable (62.6% and 75.7%, respectively), adequate (91.4% and 92.4%, respectively), and suitable (78.2% and 79.5%, respectively) housing. Notably, lone mothers and unattached women were less likely than their male counterparts to be able to afford their housing. The same patterns, whereby people in couples were more likely to have affordable, adequate, and suitable housing than unattached women and men, and unattached women were more likely to have affordable housing than unattached men, also occur among seniors.

Table 1
Proportion of women and men by housing conditions, age, and family type, Canada, 2015

Family type	Home ownership	Affordability	Adequacy	Suitability
	percentage			
People aged 18 to 64				
People in couples	79.8	83.3	94.0	93.7
Lone mothers	38.2	62.6	91.4	78.2
Lone fathers	62.0	75.7	92.5	79.5
Single women with no children	40.2	57.9	90.5	91.8
Single men with no children	38.4	61.9	92.1	93.3
People aged 65 and over				
Seniors in couples	88.9	90.2	94.9	99.8
Unattached senior women	57.3	59.5	95.0	99.3
Unattached senior men	58.3	66.7	93.9	99.0

Note: Estimates exclude territories and First Nations reserves.
Housing is considered to be affordable when a household spends less than 30% of its pre-tax income on it; housing is considered to be adequate when it does not need major repairs; and housing is considered to be suitable (i.e., not crowded) when it has a sufficient number of bedrooms for the size and composition of the household.
Source: Statistics Canada, Canadian Income Survey, 2015, custom tabulation.

Women have lower financial literacy than men, particularly among seniors

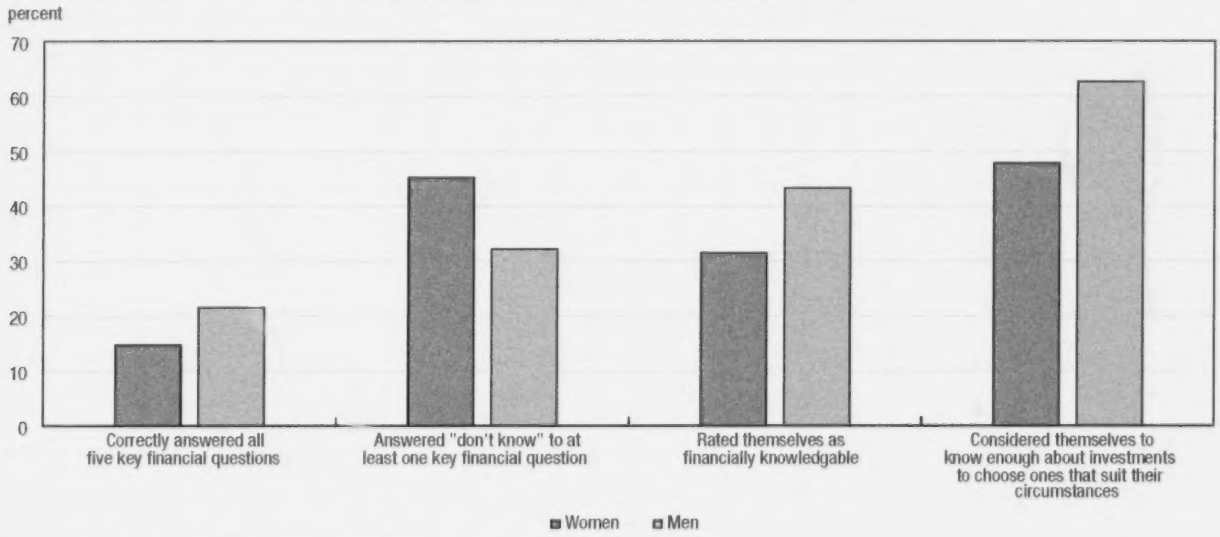
Over the past decade, interest in Canadians' "retirement readiness" has grown, given the aging baby-boom cohort and the possibility of more pressure on the existing pay-as-you-go public pension system; declining coverage of workers by registered pension plans (RPP) sponsored by employers; increasing life expectancy; and limited and volatile returns to stock-market investments.[48,49,50,51] Retirement readiness is conceptualized as the ability of an

47. To fully understand gender differences in home ownership and their evolution over the life course, longitudinal data are required.
48. Baldwin, Bob. 2016. "Assessing the retirement income prospects of Canada's future elderly: A review of five studies." C.D. Howe Institute. Available at: https://www.cdhowe.org/sites/default/files/attachments/research_papers/mixed/Commentary%20456_0.pdf.
49. McKinsey. 2015. "Building on Canada's strong retirement readiness." Montreal: McKinsey and Company. Available at: https://www.mckinsey.com/industries/financial-services/our-insights/building-on-canadas-strong-retirement-readiness.
50. McKinsey. 2012. "Are Canadians really ready for retirement? Current situation and guiding principles for improvement." Montreal: McKinsey and Company. Available at: http://www.ppforum.ca/sites/default/files/Are%20Canadians%20Ready%20for%20Retirement%20-%20Fabrice%20Morin.pdf.
51. Wolfson, Michael. 2011. "Projecting the adequacy of Canadians' retirement incomes: Current prospects and possible reform options." Montreal: Institute for Research on Public Policy. Available at: http://irpp.org/wp-content/uploads/assets/research/faces-of-aging/projecting-the-adequacy-of-canadians-retirement-incomes/IRPP-Study-no17.pdf.

individual or family or household to maintain their standard of living after the transition from work to retirement has occurred.[52] It is expected that rational economic actors will give up enough pre-retirement consumption opportunities through retirement savings and pension contributions in order to generate a retirement income that will enable them to enjoy the same standard of living after retirement as they did before.[53] It follows that wealth accumulated for retirement through such saving vehicles as registered pension plans (RPPs), registered retirement savings plans (RRSPs), and tax-free savings accounts (TFSAs) provide an indication of readiness for retirement.

Despite greater emphasis on retirement readiness, there are important gender differences in the financial knowledge of Canadians. According to data from the Canadian Financial Capability Survey, women had lower scores on financial literacy than men (Chart 10). Specifically, 14.7% of women correctly answered five key financial questions related to interest, inflation, and risk diversification in 2014, compared with 21.5% of men.[54] The gender gap in financial literacy tends to increase with age, being greatest among those aged 65 and over at 7.3 percentage points.[55] Regardless of age, women were also more likely than men to provide a "don't know" response for at least one of the questions used to evaluate financial knowledge (45.2% versus 32.1%).[56] In addition, women have less confidence in their financial skills than men. Specifically, women were less likely than men to consider themselves to be "financially knowledgeable" (31.4% versus 43.2%), and less likely to state that they "know enough about investments to choose the right ones that are suitable for their circumstances" (47.8% versus 62.6%).[57] Taken together, these findings suggest that women's greater vulnerability to financial insecurity, particularly during old age, relative to men, may be exacerbated by their lower levels of financial literacy and confidence.

Chart 10
Financial knowledge and confidence of women and men aged 18 and over, Canada, 2014



Source: Statistics Canada, Canadian Financial Capability Survey, 2014, custom tabulation.

Notably, among couples, there is no gender gap in financial knowledge when they share responsibility for the long-term financial management of the household or when women's contribution to household income is similar to

52. Ibid.
53. Ibid.
54. Drolet, Marie. 2016. "Gender differences in the financial knowledge of Canadians." *Insights on Canadian Society*. Ottawa: Statistics Canada. Catalogue no. 75-006-X. Available at: http://www5.statcan.gc.ca/olc-cel/olc.action?ObjId=75-006-X201600114464&ObjType=47&lang=en&limit=0.
55. Ibid.
56. Ibid.
57. Ibid.

that of their male spouse or partner.[58] This suggests that women's financial literacy and confidence is greater when they are more involved in household finances (or vice versa).

Gender differences in financial knowledge are problematic because previous research demonstrates that financial knowledge is associated with positive financial behaviours and economic outcomes: individuals with greater financial knowledge are more likely to plan for their retirement, and those who plan generally accumulate more wealth.[59,60] Conversely, individuals with less financial knowledge tend to borrow more, and they often report excessive debt loads and borrow against pension accounts.[61,62,63] Ultimately, they accumulate less wealth.

Although preparing for retirement is an important determinant of economic well-being for both women and men in old age, there are a number of reasons that women may find doing so more challenging than men. Specifically, gender differences in life expectancy and labour force experiences may require that women and men adopt different strategies for retirement planning. Canadian women can expect to live about four years longer than men[64] and they must therefore finance a longer period of retirement. Additionally, their cumulative lifetime savings may be lower than those of men, given discontinuous labour participation over the life course and the gender pay gap. As a result, women's accumulated wealth may be less than men's.

More women than men are covered by employer-sponsored pension plans

Registered pension plans (RPPs) are a form of taxdeferred savings arranged by employers or unions to provide pensions to retired employees via periodic payments. Contributions to an RPP are tax deductible, and they are frequently matched by the employer, while withdrawals in the form of pension payments are taxable as income. The size of an individual's pension will depend on the particular plan provisions, which are governed by federal and provincial legislation.

RPPs are a key component of many employees' compensation packages, and one of the components from which they build their retirement income.[65] However, the share of workers who are covered by RPPs has declined over time, from 46.1% in 1977 to 37.8% in 2015 (8.3 percentage points) (Chart 11). Notably, that decrease occurred among male workers, for whom the proportion covered by RPPs dropped from 52.2% to 36.2% (16.0 percentage points). On the other hand, the proportion of female workers who were covered by RRPs increased, from 36.0% in 1977 to 39.5% in 2015 (3.5 percentage points). These divergent trends in RPP membership by sex largely reflects the long-term economic shift away from the goods-producing sector in favor of the services-producing sector. Historically, manufacturing provided predominantly men with well-paid jobs that included benefits like RPPs. These jobs have contracted at the same time as employment opportunities in the services-producing sector, in which women are concentrated, have expanded. Within that sector, women are overrepresented in three industries in which RPP coverage is most prevalent: education, health, and public administration.[66] For these reasons, women were somewhat more likely than men to be members of RPPs in 2015 (36.2% versus 39.5%).

RPPs can take many forms, but the main ones are defined-benefit plans and defined-contribution plans. Defined-benefit plans are retirement accounts to which the employer makes all of the contributions, and commits to making predetermined payouts after the worker retires. In contrast, both employers and employees contribute set amounts to defined-contribution plans, and payouts after the employee retires depend on the assets accumulated to that date. In 2015, female workers were more likely than their male counterparts to have defined-benefit plans (28.9% versus 22.2%), while the reverse was true of defined-contribution or hybrid/mixed plans (14.0% versus 10.6%).

58. Ibid.
59. Behrman, Jere R., Olivia S. Mitchell, Cindy Soo, and David Bravo. 2010. "Financial literacy, schooling, and wealth accumulation." Cambridge, MA: National Bureau of Economic Research. Available at: http://www.nber.org/papers/w16452.
60. Lusardi, Annamaria and Olivia S. Mitchell. 2014. "The economic importance of financial literacy: Theory and evidence." *Journal of Economic Literature* 52(1): 5-44.
61. Lusardi, Annamarie and Carlo de Bassa Scheresberg. 2013. "Financial literacy and high-cost borrowing in the United States." Cambridge, MA: National Bureau of Economic Research. Available at: http://www.nber.org/papers/w18969.pdf.
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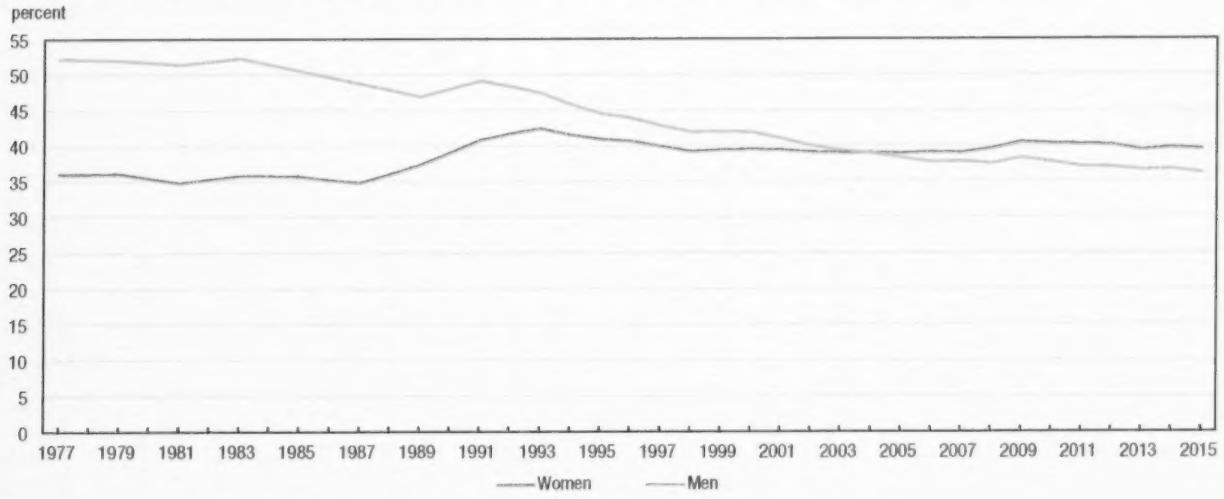
Chart 11
Proportion of workers covered by employer-sponsored retirement plans by sex, Canada, 1977 to 2015



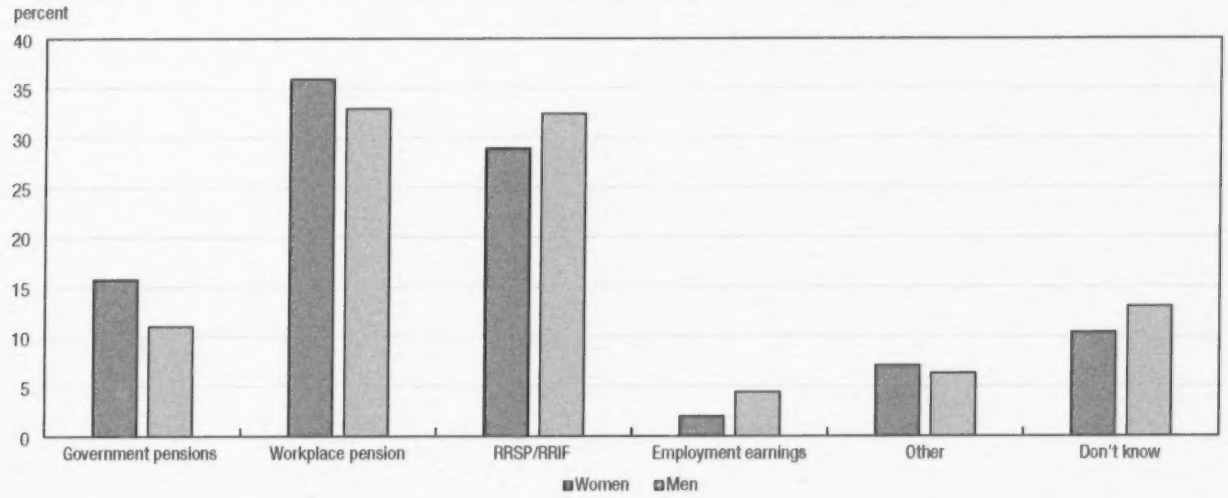
Source: Statistics Canada, Pension Plan in Canada and Labour Force Survey, 1977-2015, custom tabulation.

Half of women expect most of their retirement income to come from a combination of employer-sponsored and government pensions

Given that women are more likely than men to be covered by RPPs, it is not surprising that around on third of female respondents to the 2014 Canadian Financial Capability Survey expected most of their retirement income to come from employer-sponsored pensions (35.9%) (Chart 12). Also, a sizable proportion of women expected most of their retirement income to come from government transfers (15.7%). On the other hand, 32.4% of male respondents expected most of their retirement income to come from Registered Retirement Savings Plans (RRSPs)/Registered Retirement Income Fund (RRIFs),[67] compared with 28.9% of female respondents. This pattern partly reflects the fact that a little more than half of RRSP contributors are male (53.0% in 2016).[68] A slightly greater proportion of men expect to rely on employment earnings during retirement compared with women (4.4% versus 2.0%).

67. Introduced in 1957, RRSPs allow individuals and/or their spouses/partners to make tax deductible contributions to personal savings and investment accounts. Contributions are capped at the lesser of either a percentage of an individual's income from the previous year or a fixed limit ($25,370 in 2016). Income earned in the account accumulates tax free, but withdrawals are taxed whenever they occur. Contributions can be made to RRSPs, and unused contribution room can be carried forward, until age 71. At that point, the RRSP is closed and its owner chooses either to pay taxes on the full value of the holdings or convert them into a RRIF.
68. Statistics Canada, *Registered Retirement Savings Plan (RRSP) contributions, by contributor characteristics*, CANSIM table no. 111-0039.

Chart 12
Proportion of women and men by anticipated main source of retirement income, Canada, 2014



Note: RRSPs refer to Registered Retirement Savings Plans, while RRIFs refer to Registered Retirement Income Funds.
Source: Statistics Canada, Canadian Financial Capability Survey, 2014, custom tabulation.

Based on data from the Longitudinal and International Study of Adults, women and men nearing retirement seem to equally likely to be "ready," at least according to their self-assessments. Specifically, similar proportions of women and men aged 45 to 64 were preparing financially for retirement (77.1% and 79.4%, respectively) in 2014, and considered themselves to have adequate income for that purpose (59.9% and 62.7%, respectively). Conjugal status affected retirement readiness, as a greater proportion of women and men in couples were preparing financially for retirement (80.5% and 83.4%, respectively) than unattached women and men (67.0% and 61.4%, respectively). Notably, a greater proportion of unattached women (67.0%) were preparing financially for retirement than were unattached men (61.4%).

Although unattached women were more likely to be preparing financially for retirement than unattached men, they were less likely to consider themselves to have adequate income for retirement: 43.7% versus 48.1%. Similar proportions of women and men in couples considered themselves to have adequate income for retirement (65.4% and 66.8%, respectively). Among seniors, more unattached women than men consider themselves to have sufficient income (79.3% versus 72.6%), whereas fewer women in couples than men do so (77.5% versus 80.5%).

The net worth of lone mothers is less than half of lone fathers

Net worth is the difference between a family's assets and debts. In 2016, the average net worth of Canadian families whose major income earner was under the age of 65 was $616,700.[69] There was significant variability in net worth by family type (Table 2). Couple families had the highest average net worth, at $700,000 for those with children and $910,000 for those without children. Lone parents had lower net worth on average than couples with children, mostly because of they had fewer assets. However, the average net worth of lone mothers was less than half of that of lone fathers: $240,000 versus $540,000. Unattached women and men had similar average net worth at $250,000 and $230,000, respectively.

Table 2
Average[1] net worth, assets, and debts by economic family type, where the major income earner is less than 65 years of age, Canada, 2016

	Couple families with children	Couple families without children	Lone mothers	Lone fathers	Unattached women	Unattached men
			dollars			
Net worth	**700,000**	**910,000**	**240,000**	**530,000**	**250,000**	**230,000**
Total assets	**930,000**	**1,050,000**	**340,000**	**700,000**	**310,000**	**290,000**
Private pension assets	210,000	360,000	66,000	122,000	113,000	82,000
Financial assets, non-pension	68,000	106,000	23,000	26,000	33,000	31,000
Non-financial assets	560,000	460,000	240,000	510,000	154,000	150,000
Equity in business	89,000	117,000	4,500[E]	41,000[E]	5,400[E]	25,000
Total debts	**230,000**	**138,000**	**94,000**	**170,000**	**54,000**	**56,000**
Mortgages	197,000	110,000	73,000	133,000	41,000	45,000
Line of credit	13,000	12,200	6,000	22,000[E]	4,400	3,900
Credit card and installment debt	3,800	2,800	2,700	3,200[E]	1,510	1,810
Student loans	3,000	3,100	4,000	2,700[E]	2,500	1,520
Vehicle loans	11,300	8,600	5,700	5,900	3,000	3,500
Other debt	3,100	1,550	1,980[E]	3,200[E]	860	860

[E] use with caution
1. Averages include observations with zero values.

Source: Statistics Canada, Survey of Financial Security, 2016, custom tabulation.

69. Statistics Canada, Survey of Financial Security, CANSIM table no. 205-0002.